

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 844 – HB 706

March 1, 2013

SUMMARY OF ORIGINAL BILL: Removes a current exemption for Hamilton County and Rutherford County, thereby authorizing the public housing development authorities in each jurisdiction to assess late fees on tenants up to 10 percent of the rent past due.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Hamilton County public housing development authorities currently collect a \$5 late fee. If the authorities choose to increase the amount of late fees collected pursuant to the bill, the authorities could increase late fee revenue up to \$63,300. Collecting late fees is left to the discretion of the authority and any amount of increase will be permissive. Any funds collected will remain with the appropriate authority.

SUMMARY OF AMENDMENT (003621): Provides that provisions of the original bill are applicable to rental agreements where the location of the rental property is either in Hamilton County or Rutherford County, and such agreement was made after the effective date of this bill.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Hamilton County public housing development authorities currently collect a \$5 late fee. If the authorities choose to increase the amount of late fees collected pursuant to the bill, the authorities could increase late fee revenue to an amount exceeding \$10,000. Collecting late fees is left to the discretion of the authority and any amount of increase will be permissive. Any funds collected will remain with the appropriate authority.

Assumptions for the bill as amended:

- Currently, Tenn. Code Ann. § 66-28-201(e), in regards to Hamilton County and Rutherford County, states that a 15 day grace period is allowed for residents. Any such late fee assessed is not to exceed \$5.
- This would authorize the public housing development authorities within Hamilton County and Rutherford County to charge tenants, who enter into a housing agreement after the effective date of this bill, a higher late fee than currently charged and to shorten the grace period to five days.

- Currently, public housing development authorities in Hamilton County do charge late fees. In 2012, Hamilton County collected late fees that totaled \$26,380.
- There are 2,924 public housing units in Hamilton County.
- Assuming a late fee of \$5 was assessed by local housing authorities in Hamilton, there were approximately 5,276 instances in which a late fee was assessed (\$26,380 / \$5).
- Pursuant to the proposed legislation, authorities in Hamilton County will be able assess a late fee up to 10 percent of the amount overdue.
- It is unknown how many new rental agreements will both, be entered into within Hamilton County and be applicable under this part; however, it is reasonably estimated that such amount will provide the local housing authorities with an increase in late fee revenue exceeding \$10,000 annually.
- According to the Murfreesboro Housing Authority, public housing development authorities in Rutherford County have not charged any late fees for a period exceeding 10 years.
- It is estimated that public housing development authorities in Rutherford County will continue not charging any late fees on the tenants of public housing developments.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb